

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWAREIn re Earth Fare, Inc., et al.,  
Debtors

Reporting Period:

Case No. 20-10256  
11/01/20 - 11/30/20MONTHLY OPERATING REPORT  
File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
/s/ Mindy Harvey  
Signature of Authorized Individual\*\_\_\_\_\_  
12/15/2020  
Date\_\_\_\_\_  
Mindy Harvey  
Printed Name of Authorized Individual\_\_\_\_\_  
Chief Financial Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re Earth Fare, Inc., et al.,  
Debtors

Case No. 20-10256

Reporting Period: 11/01/20 - 11/30/20

**MONTHLY OPERATING REPORT**

**NOTES**

On February 4, 2020 (the "**Petition Date**"), Earth Fare, Inc. and EF Investment Holdings, Inc. (together, the "**Debtors**") each filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' bankruptcy filings are jointly administered under Case No. 20-10256.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("**U.S. GAAP**") in all material respects. In addition, the financial statements and the supplemental information contained herein represent the financial information on a consolidated basis of the Debtors.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtors' business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

**In re Earth Fare, Inc., et al.,**  
**Debtors**

**Case No. 20-10256**  
11/01/20 - 11/30/20

## **SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	OPER.	BANK ACCOUNTS			CURRENT MONTH		CUMULATIVE FILING TO DATE	
		PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH</b>		18,565,088		495,040				
<b>RECEIPTS</b>								
CASH SALES		-						
ACCOUNTS RECEIVABLE		-						
LOANS AND ADVANCES		-						
SALE OF ASSETS		-						
OTHER (ATTACH LIST)		18,725						
TRANSFERS (FROM DIP ACCTS)		-						
<b>TOTAL RECEIPTS</b>		18,725						
<b>DISBURSEMENTS</b>								
NET PAYROLL		35,168						
PAYROLL TAXES		-						
SALES, USE, & OTHER TAXES		-						
INVENTORY PURCHASES		-						
SECURED/ RENTAL/ LEASES		-						
INSURANCE		13,600						
ADMINISTRATIVE		40,988		545				
SELLING		-						
OTHER (ATTACH LIST)		105,000						
OWNER DRAW *		-						
TRANSFERS (TO DIP ACCTS)		-						
PROFESSIONAL FEES		8,186						
U.S. TRUSTEE QUARTERLY FEES		-						
<b>TOTAL DISBURSEMENTS</b>		202,942		545				
NET CASH FLOW		(184,217)		(545)				
(RECEIPTS LESS DISBURSEMENTS)								
<b>CASH - END OF MONTH</b>		18,380,871		494,495				

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

**THE FOLLOWING SECTION MUST BE COMPLETED**

**DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)**

<b>TOTAL DISBURSEMENTS</b>	202,942
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	25,111
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	228,054

**SCHEDULE OF OTHER FEES AND EXPENSES PAID**

**In re Earth Fare, Inc., et al.,**  
**Debtors**

Case No. 20-10256  
Reporting Period: 11/01/20 - 11/30/20

**BANK RECONCILIATIONS**  
**Continuation Sheet for MOR-1**

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

**In re Earth Fare, Inc., et al.,**  
**Debtors**

Case No. 20-10256

Reporting Period: 11/01/20 - 11/30/20

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

**In re Earth Fare, Inc., et al.,**  
Debtors

Reporting Period:

**Case No. 20-10256**  
11/01/20 - 11/30/20

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	<b>Month</b>	<b>Cumulative Filing to Date</b>
<b>REVENUES</b>		
Gross Revenues	-	34,330,432
Less: Returns and Allowances	-	-
Net Revenue	-	34,330,432
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	-	31,432,692
Add: Purchases	-	140,003
Add: Cost of Labor	-	-
Add: Other Costs (attach schedule)	-	-
Less: Ending Inventory	-	-
Cost of Goods Sold	-	31,572,695
Gross Profit	-	2,757,737
<b>OPERATING EXPENSES</b>		
Advertising	-	76,006
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	-	1,291,769
Insider Compensation*	32,998	536,552
Insurance	13,600	430,297
Management Fees/Bonuses	-	-
Office Expense	27,456	558,805
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	3,883
Rent and Lease Expense	-	3,866,286
Salaries/Commissions/Fees	2,170	6,024,134
Supplies	-	57,041
Taxes - Payroll	-	767,944
Taxes - Real Estate	-	95,769
Taxes - Other	13,533	16,260
Travel and Entertainment	-	52,031
Utilities	-	1,871,253
Other (attach schedule)	-	754,473
Total Operating Expenses Before Depreciation	89,757	16,265,052
Depreciation/Depletion/Amortization	-	-
Net Profit (Loss) Before Other Income & Expenses	(89,757)	(13,507,315)
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	-	9,196,287
Interest Expense	-	-
Other Expense (attach schedule)	-	-
Net Profit (Loss) Before Reorganization Items	(89,757)	(4,311,027)
<b>REORGANIZATION ITEMS</b>		
Professional Fees	113,186	6,088,648
U. S. Trustee Quarterly Fees	-	321,045
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses (attach schedule)	-	-
Total Reorganization Expenses	113,186	6,338,648
Income Taxes	-	-
Net Profit (Loss)	(202,942)	(10,649,675)

\*\*Insider" is defined in 11 U.S.C. Section 101(31).

**In re Earth Fare, Inc., et al.,**  
**Debtors**

Case No. 20-10256

## **STATEMENT OF OPERATIONS - continuation sheet**

## Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Earth Fare, Inc., et al.  
Debtors

Case No. 20-10256

Reporting Period:

11/01/20 - 11/30/20

## BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	18,875,366	11,405,448
Restricted Cash and Cash Equivalents (see continuation sheet)	-	-
Accounts Receivable (Net)	1,584,822	2,197,913
Notes Receivable	-	-
Inventories	-	31,432,692
Prepaid Expenses	1,837,577	2,056,393
Professional Retainers	-	-
Other Current Assets (attach schedule)	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>22,297,765</b>	<b>47,092,446</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	-	-
Machinery and Equipment	-	94,736,712
Furniture, Fixtures and Office Equipment	-	58,152,471
Leasehold Improvements	-	77,881,545
Vehicles	-	328,624
Less Accumulated Depreciation	-	(132,334,615)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>-</b>	<b>98,764,736</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*	-	-
Other Assets (attach schedule) **	-	-
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>22,297,765</b>	<b>145,857,182</b>
 <b>LIABILITIES AND OWNER EQUITY</b>		
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	-	2,348,950
Wages Payable	-	1,628,368
Notes Payable	-	-
Rent / Leases - Building/Equipment	-	2,300,000
Secured Debt / Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders*	-	-
Other Postpetition Liabilities (attach schedule)	-	-
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>-</b>	<b>6,277,318</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	60,250,000	60,250,000
Priority Debt	14,800,000	14,800,000
Unsecured Debt	97,848,906	115,571,794
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>172,898,906</b>	<b>190,621,794</b>
<b>TOTAL LIABILITIES</b>	<b>172,898,906</b>	<b>196,899,112</b>
<b>OWNER EQUITY</b>		
Capital Stock	46,000,000	46,000,000
Additional Paid-In Capital	68,465,270	68,465,270
Retained Earnings - Pre-Petition	(122,979,894)	(122,979,894)
Retained Earnings - Postpetition	(10,649,675)	-
Adjustments to Owner Equity (attach schedule)	-	-
Postpetition Contributions (Distributions) (Draws) (attach schedule)	-	-
<b>NET OWNER EQUITY</b>	<b>(19,164,299)</b>	<b>(8,514,624)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>153,734,607</b>	<b>188,384,488</b>
	(131,436,841)	(42,527,306)

\* "Insider" is defined in 11 U.S.C. Section 101(31).

\*\* The book value of "Other Assets" as of the petition date is listed as an historical estimate and is used solely for accounting purposes.

**In re Earth Fare, Inc., et al.,**  
Debtor

**Case No. 20-10256**  
Reporting Period: 11/01/20 - 11/30/20

**BALANCE SHEET - continuation sheet**

ASSETS	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets		
Other Assets		
Prepaid Expense - Non Current	134,316	435,485
Deposits	480,705	622,352
* Goodwill	-	25,779,218
* Non Amortizable Intangible - Brand Name	-	15,200,000
* UPC Registration	-	10,842
* Brand Mark	-	79,886
* Loan Fees	-	1,229,251
* Alcohol Licenses	-	191,921
* Deferred Leasing Costs	-	391,286
* Accumulated Amortization	-	(1,412,935)
Intangible Assets - Net	615,021	41,469,469
<b>LIABILITIES AND OWNER EQUITY</b>		<b>BOOK VALUE ON PETITION DATE</b>
		<b>AT END OF CURRENT MONTH</b>
Other Postpetition Liabilities		
Postpetition Contributions (Distributions) (Draws)		

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

\* The book values of "Other Assets" as of the petition date are listed at historical estimates and are used solely for accounting purposes.

In re Earth Fare, Inc., et al.,  
Debtors

Reporting Period:

Case No. 20-10256  
11/01/20 - 11/30/20

#### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding	-		-			0
FICA-Employee	-		-			0
FICA-Employer	-		-			0
Unemployment	-		-			0
Income	-		-		-	0
Other:	-		-		-	0
<b>Total Federal Taxes</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>0</b>
<b>State and Local</b>						
Withholding	-		-			0
Sales	-		-			-
Excise	-		-			0
Unemployment	-		-			0
Real Property	-		-		-	-
Personal Property	-		-		-	-
Other:	-		-	-	-	0
<b>Total State and Local</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Taxes</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Current	0-30	31-60	61-90	Over 90	Total
Wages Payable	-					-
Taxes Payable						-
Rent/Leases-Building		-			-	-
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees						-
Amounts Due to Insiders*						-
Other:						-
Other:						-
<b>Total Postpetition Debts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*\*"Insider" is defined in 11 U.S.C. Section 101(31).

**In re Earth Fare, Inc., et al.,**  
Debtors

**Case No. 20-10256**  
Reporting Period: 11/01/20 - 11/30/20

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

<b>Accounts Receivable Reconciliation</b>		<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period		1,584,822
+ Amounts billed during the period		-
- Amounts collected during the period		-
Total Accounts Receivable at the end of the reporting period		1,584,822

  

<b>Accounts Receivable Aging</b>		<b>Amount</b>
0 - 30 days old		-
31 - 60 days old		-
61 - 90 days old		-
91+ days old		3,219,975
Total Accounts Receivable		3,219,975
Amount considered uncollectible (Bad Debt)		(1,635,153)
Accounts Receivable (Net)		1,584,822
		(0)

### DEBTOR QUESTIONNAIRE

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X